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C O N F I D E N T I A L SECTION 01 OF 02 ISLAMABAD 001297

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SUBJECT: GILANI UPBEAT; ASKS FOR HELP ON MANY FRONTS

Classified By: Anne W. Patterson for reasons 1.4 (b), (d).

¶1. (C) Summary: Special Representative for Afghanistan and Pakistan (SRAP) Ambassador Richard Holbrooke and the Ambassador met June 5 with Prime Minister Yousuf Gilani and several of his key Ministers. Gilani noted how much had changed politically since Holbrooke's last visit to Pakistan in April. The country, as well as even very contrarian opposition parties, is united behind the military's operation against the Taliban in Swat, Gilani insisted. He and Holbrooke completely agreed that the priority should be to return displaced Pakistanis to their homes and businesses; Holbrooke committed to press European and Gulf countries to contribute to the cause. Gilani also requested assistance speeding military supplies to the Pakistan Army, especially helicopters, and added training and equipment for law enforcement would also be key. He feared the Army could not move on to fight Waziri militants as quickly as expected and would be unable to fight militants on multiple fronts. Gilani confirmed the GOP's support for transit trade, but warned any India role would doom an agreement politically. He concluded by asking the U.S. to consider forgiving some or all of Pakistan's international debt, as prior administrations had done for some developing African countries. End summary.

¶2. (C) Pakistan delegation: Prime Minister Yousuf Gilani, Foreign Minister Shah Mahmood Qureshi, Defense Minister Ahmed Mukhtar, Interior Minister Rehman Malik, Pakistan People's Party (PPP) Senator Sughra Imam, Foreign Secretary Salman Bashir, Defense Secretary Syed Athar Ali, and Interior Secretary Kamal Shah. U.S. delegation: SRAP Ambassador Richard Holbrooke, Ambassador Anne Patterson, SRAP Special Assistant Kimberly McClure, SRAP Economic Advisor Mary Beth Goodman, SRAP USAID Representative Beth Dunford, PRM/ECA Office Director Eleanor Nagy, NSC South Asia Director Anish Goel, and PolOff Terry Steers-Gonzalez (notetaker).

Since April

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¶3. (C) Gilani began by noting that "Pakistan is united;" a quite different political environment than during Holbrooke's last visit to Pakistan in April, he added. The PM highlighted that all political parties -- coalition, opposition, and even those not in parliament because they boycotted the February 2008 elections -- supported the Pakistan Army's offensive in Swat, Northwest Frontier Province (NWFP). He thought the operation was progressing, targeting the last militant holdouts, and would be brought to a conclusion soon.

¶4. (C) But Gilani also warned that Pakistan, as well as the

international community, had "a second war" for the hearts and minds of the local populace. The displaced persons (IDPs) "must return to their homes soon." He insisted that today's camps not be "turned into cities." The GOP was grateful for U.S. assistance to the IDPs and asked Holbrooke's assistance in getting matching donations from European countries.

¶5. (C) Waziristan "is boiling," Gilani further warned, and he was not sure the Army could move so quickly after the Swat operation. Attacks were increasing in Waziristan, Balochistan, and other parts of Pakistan as the militants tried to divert attention and resources from the Swat valley. He feared Pakistan did not have the capacity to fight insurgents on multiple fronts. The U.S. should help re-build police stations, provide law enforcement training, supply ammunition and helicopters, and subsidize salaries and benefits, he concluded.

¶6. (C) Gilani was blunt that the GOP worried this summer's U.S. troop plus-up in Afghanistan would lead to Taliban fleeing into Pakistan, destabilizing Balochistan in particular. He urged the U.S. to cut-off militants at the border and to consult and coordinate with the Pakistan Army. One of Gilani's primary requests was for the U.S. to fast track military supplies to the Army, especially helicopters.

¶7. (C) Holbrooke agreed that Gilani's government was stronger now than back in April. He committed to report back to President Obama that the Pakistani government was now decidedly anti-Taliban. He also encouraged the PM to stay in

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contact with opposition leader Nawaz Sharif to ensure his continued support for political unity against militants; Sharif had said privately June 4 that he would do so, Holbrooke reported. Holbrooke relayed that, upon his return to Washington, he would meet with ambassadors from European countries to press for increased aid to Pakistan's IDPs. (Note: This meeting took place on June 10.) But first, as part of this trip, he would visit Gulf Cooperation Council (GCC) countries to advocate for Pakistan with them.

¶8. (C) Holbrooke congratulated the GOP on its relatively quick response to the "IDP problem," not "crisis," he emphasized. Holbrooke agreed, returning IDPs to their homes (80 percent were estimated to be staying with family, friends, and even strangers) was the overriding priority. He urged Pakistan to accept a "coordinator" for the multiple non-governmental organizations assisting IDPs.

Trade and Forgiveness

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¶9. (C) Holbrooke emphasized the proposed Af-Pak Trade Transit Agreement would be in Pakistan's economic and developmental interest. He said Kayani expressed the Army's support for the deal, so long as India was not a party. Without India, after decades languishing, the Agreement had a good chance, Holbrooke concluded. The U.S. could leverage Afghanistan to support the deal. Gilani said the GOP had no objection to transit trade, but also said that his government's current focus was the fight against extremist militants. Moreover, he warned, any hint of an Indian role would sink the deal.

¶10. (C) Gilani turned to his second principal request -- debt forgiveness. He said previous U.S. administrations had forgiven several African countries' international debt. Holbrooke noted that the U.S. had provided \$110 million in aid to IDPs, and the Obama Administration was asking for \$200 million more. Additionally, military assistance was increasing and reconstruction opportunity zone (ROZ) legislation was moving through the Congress. Holbrooke committed to look into this newest (and un-detailed) request for debt forgiveness, but warned the process was likely complicated and long, requiring Congressional approval.

11. (U) This cable was cleared by the Office of the SRAP.
PATTERSON